



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Nike, Inc.

COUNTRY: Jordan

FACTORY CODE: 0700394474

MONITOR: Level Works Limited

AUDIT DATE: November 24-25, 2009

PRODUCTS: Knitted Tops, Knitted Bottoms

PROCESSES: Cutting, Sewing, Finishing,
Warehouse

NUMBER OF WORKERS: 673



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Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: 1. Workers are not informed about the company rules and regulations. 2. Workers are not aware about the code provision. During the interview with management and checking the factory procedures and regulations, no training process noted about the code provision.

Plan Of Action: Management shall ensure that all workers are trained regarding Nike COC and factory policy and rules on an ongoing basis. This content shall be included in orientation training for new employees and also in periodical refreshing trainings for all employees.

Deadline Date: 04/30/2010

Supplier CAP: We will perform a refreshing training on Nike's COC during April 2010.

Supplier CAP Date: 02/28/2010

Action Taken: Refreshing training has been conducted. Training program has been revised. Training records with employees' signatures are available.

Plan Complete: Yes

Plan Complete Date: 04/30/2010

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance



Explanation: The company did not have a written confidential noncompliance reporting mechanism established in the factory.

Plan Of Action: The company's objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by the company in employee grievances should be considered a last resort.

Deadline Date: 04/30/2010

Supplier CAP: No CAP for the supplier

Supplier CAP Date: 04/30/2010

Action Taken: No action taken

Plan Complete: No

Plan Complete Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: 1. As per 60 sampled time records review it was noted that 2 workers worked 13 consecutive days in May 2009. In accordance with Jordanian Labor Law Article 60, Friday of every week shall be the worker's weekly holiday, unless the nature of work requires otherwise.

Plan Of Action: Management should ensure that all employees have had at least one day off in 7 consecutive days.

Deadline Date: 04/30/2010

Supplier CAP: The issue mentioned above was an isolated case in May, which was the peak month. All the workers have had at least one day off every 7 consecutive days since June 2009.

Supplier CAP Date: 03/16/2010

Action Taken: According to working hours reports which are provided by suppliers since December 2009, all workers have at least one day off in 7 with no exception.

Plan Yes

Complete:

Plan Complete 03/17/2010

Date:

Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: As per 60 reviewed time records it was noted that 1 out of 60 sampled time records worked 62.5 hours/week in May 2009 and 1 out of 60 sampled time records worked 70 hours/week in May 2009. It was also noted that 2 workers worked 12.5 hours/day 6 times in May 2009. One worker worked 14.5 hours/ day once in May 2009. In accordance with Jordanian Labor Law Article, 56: The ordinary working hours shall be 8 hours per day provided that the total working hours do not exceed 48 hours per week over a maximum of 6 days whereby the time allocated for meals and rest shall not be calculated. The working hours should not exceed such (total) except in the cases provided for in this law. In accordance with Jordanian Labor Law Article, 57: The Employer may put the worker to work more than the ordinary working hours in any of the following cases provided that the worker receives the overtime pay provided for in this law: A. Carrying out the Establishment's annual inventory preparing the balance sheet and closing accounts, getting ready to pay at discounted prices provided that the number of days on which the provisions of this paragraph are applied do not exceed 30 days per year and that the actual working hours do not exceed 10 hours every day thereof.

Plan Of Action: Management should ensure that the weekly working period is limited with 60 hours and the daily working period is limited with legal daily limit.

Deadline 04/30/2010

Date:



Supplier CAP: All the workers do not exceed the maximum working hours and overtime as allowed by the Jordanian Labor Law. There were only some isolated cases in May 2009 which was the peak month.

Supplier CAP 03/17/2010
Date:

Action Taken: According to working hours reports, which are provided by suppliers since December 2009, all working hours were kept within local law and Nike limits.

Plan Yes
Complete:

Plan 03/18/2010
Complete
Date: